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ISRAEL AIDE TRACES U.S.-IRAN DEALINGS

Says Arms Traders and Saudi Billionaire Were Involved

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JERUSALEM, Nov. 21 — A senior Israeli official said today that the roots of the sale of American arms to Iran grew out of Israeli links with the Khomeini Government dating to 1979.

The links were later fostered by an unusual relationship between a Saudi billionaire and Israeli businessmen, and they culminated in direct talks between the Reagan Administration and officials in Teheran, the official said.

The official stressed that the Iranian-American connection originated with an offer by Israel to act on behalf of the United States. Washington, he said, explicitly accepted the offer.

'Explicit Approval' of U.S.

In recent days, amid protest in Washington over the Reagan policy, Israeli officials have expressed concern about what they describe as a mountain of erroneous reports about their role, including suggestions that they led an unsuspecting Administration into a diplomatic mess.

"From the very beginning of this operation we have acted on behalf of the United States," the senior Israeli official said. "Everything we did, including shipping arms to Iran, we did with the explicit approval of Washington. We offered them our good offices and assets, and they used them."

"If they had said no, we would have said, 'Fine, have it your way.' Any suggestion otherwise is sheer poppycock."

The Israel official is in a position to have known about the development of the Iran affair from the beginning.

Although it is impossible to corroborate elements of his account — some of which serves Israeli interests, some of which does not — it is consistent with most of the fragmentary reports that have already emerged.

The story began in 1979, the official said, when Israeli intelligence managed to forge links with certain senior Iranian Army officers and other elements in revolutionary Teheran.

Israel, which had close relations with Iran in the days of the Shah, was eager to open any possible channel to the Government of Ayatollah Ruhollah Khomeini and to gain tacit Iranian cooperation for getting Iranian Jews out of the country.

Israel has a history of using arms sales and arms dealers to establish diplomatic links with nations that refuse to have normal relations. The method is being used today to maintain contacts with China, to which Israel has reportedly shipped tank cannons and other military and farm equipment.

The Israeli officials were certain that the traditional interests that link the Jews and the Persians — the two major non-Arab nations in the Middle East — would override the ideological zeal of the Khomeini Government.

Small Arms Shipments Sent

To maintain a relationship with the middle-ranking Iranian elements, Menachem Begin, then Israel's Prime Minister, began shipping small amounts of arms and spare parts to Teheran. That culminated in a large shipment of tires for F-4 Phantom jets in early 1980, shortly after the hostages were seized at the United States Embassy in Teheran.

Israeli officials insist that Washington was informed of all the arms transfers to Iran and tacitly approved. American officials, however, say otherwise.

According to the Americans, when the United States learned of the plane-load of airplane tires in 1980, they confronted Mr. Begin. There were some heated arguments between Israeli and American officials, and the United States finally extracted a promise that Israel would send no more military equipment to Iran as long as the hostages were held.

Apparently, Israel sent no more weapons while the 52 Americans were captive, but after they were freed, small-scale shipments resumed. In some cases, the Israeli arms shipments to Iran were disguised by funneling them through European arms dealers, and this made it difficult for the Americans to trace them.

"After the hostages were released, Begin came to us and said, 'Surely you cannot have any objections now,'" an American official said. "After that, we went our separate ways."

Sent Arms Not Made in U.S.

He said that the United States continued to insist that no American-made equipment be shipped, but that the Israelis resumed sending war equipment that was not American-made.

The American official added, however: "I doubt very seriously that we were notified of everything the Israelis did."

"On a number of occasions, we were told they were shipping small quantities of spare parts. Whenever we would

get word of shipments, the State Department would raise the issue with Israel, and we would get the standard lecture and promises that there were no U.S. weapons involved."

When Ariel Sharon became Defense Minister in 1981, he emphasized to Alexander M. Haig Jr., then the Secretary of State, the necessity of Israel and the United States maintaining links to Teheran and to pro-Western elements there. Mr. Haig, according to Israeli officials, never approved the Israeli arms sales, but Israeli officials apparently felt comfortable that he would not interfere with them, either.

Israel not only got paid for its arms, but was also able to gain some "insurance" for Iranian Jews and some useful intelligence before its Iranian military contacts "died out" in the mid-1980's, the Israeli official said.

"When I say they died out," he said, "I mean that literally. Our contacts were executed."

From that point until the summer of 1985, Israel apparently had no real links with the Khomeini Government.

Links Re-formed in 1985

The picture started to change in early 1985, according to the Israeli official, when the Iranians made contact with American diplomats in Beirut, Lebanon, and suggested a dialogue. While the Americans considered the offer, however, a new channel to Iran through Israel began to take shape as a result of efforts by a Saudi billionaire businessman and arms merchant, Adnan M. Khashoggi.

Mr. Khashoggi is said to want to go down in history as having accomplished something other than amassing millions of dollars. He is said to see himself as someone who can help bring Arabs and Jews together.

Because of these feelings and his arms dealing, Mr. Khashoggi befriended two major Israeli arms dealers — Al Schwimmer, the founding president of Israel Aircraft Industries, and Yaacov Nimrodi, who served for 10 years as the military attaché at the Israeli Embassy in Teheran and is now one of the world's leading arms traders, based in London.

The personal and business relationship between the three men became very close. Mr. Khashoggi introduced the Israelis in London to an Iranian arms dealer and contact of his named Manucher Ghorbanisar, the Israeli official said.

Mr. Ghorbanisar is reportedly an adviser and intimate friend of Iran's Prime Minister, Mir Hussein Mousavi, and he let the Israelis know that he and his patrons in Teheran were ready for some secret contacts, provided Israel made it worth their while.

Mr. Schwimmer is one of Foreign Minister Shimon Peres's best friends. After meeting with Mr. Ghorbanisar, Mr. Schwimmer contacted Mr. Peres, who was then Prime Minister, and said, according to the Israeli official: "Here is a possible link to Iran that can be used for many things. There is a chance here for some political links."

The Prime Minister and Israeli intelligence officials were interested in pursuing the contacts with Mr. Ghorbanisar.

Much More Important Contacts

"You have to understand what we are talking about," the senior Israeli official said. "We are not talking about links with some army officers, like we had in 1982. We are talking about a source among the most senior ayatollahs. It would have been criminal for us not to follow it up."

Mr. Schwimmer was authorized by Mr. Peres to have further discussions with Mr. Ghorbanisar about just what kind of relations between Iran and Israel he and his patrons envisioned.

"What we were talking about at that stage were how to forge political ties," the Israeli said.

The discussions in London between Mr. Schwimmer, Mr. Nimrodi, Mr. Khashoggi and Mr. Ghorbanisar focused on the idea of exchanging arms for hostages. Mr. Ghorbanisar insisted that the Israelis, as a gesture of good will, send Iran a shipment of TOW anti-tank missiles and Hawk surface-to-air missiles.

Shortly afterward, Prime Minister Peres — after first getting the backing of Defense Minister Yitzhak Rabin and Foreign Minister Yitzhak Shamir — informed President Reagan that Israel had established certain contacts with what it believed to be "moderate" elements among the ayatollahs who were interested in relations with the West in general and the United States in particular.

Israel Asks U.S. Permission

The Israelis asked the Americans for permission to try to make a deal, sending American-made weapons to Iran in return for hostages, the official said.

The Israeli official said that because of all the financial aid the Administration had arranged for Israel — \$1.5 billion over the fiscal years 1985 and 1986 — and the friendly attitude of Mr. Reagan toward Israel, Mr. Peres was eager to find a way to repay the President. Helping Washington open up covert links to Iran was a possibility, he said.

The Americans did not give Israel any immediate response, the Israeli said. Finally, in the late summer of 1982, the director general of the Israeli Foreign Ministry, David Kimche, who was going on a visit to Washington, was directed by Mr. Peres to ask Robert C. McFarlane, the President's national security adviser, what his answer was.

The official said Mr. Kimche was given the go-ahead by Mr. McFarlane, apparently acting for the President.

In early September, an unmarked Israeli Boeing 707 flew to Iran filled with TOW and Hawk missiles and installation equipment. On Sept. 14, the Rev. Benjamin Weir, an American hostage, was released. In mid-October, Israel sent another shipment of arms to Iran.

Asked about the hostage connection, the Israeli official said: "After we sent our arms as a sign of good will, we asked them to release a hostage as a sign of good will, which they did."

"Even though a hostage was released, we saw ourselves building a potential relationship with elements in Iran. That was the key focus for us and, I believe, for the Americans as well. We are talking about a political deal where you had to put a chip on the table. Ours was a planeload of arms. Theirs was a hostage. The hostages, at the time, were a means, not an end, to establishing a relationship. Mind you, we asked for all of them to be released, but they refused."

Third Planeload Shipped

Meanwhile, around November 1985, Israel sent a third planeload of arms to Teheran, as part of its budding relationship with Mr. Ghorbanisar, the Israeli official said.

"We were getting some terrific intelligence through this channel," the Israeli official said. "For the first time, we had links to the ayatollahs and a source right in the Prime Minister's office. We were at the heart of the Government. There was no Western government that had access to the kind of information we had."

"Through these contacts, we learned a great deal about what was going on in the ruling circles. It became clear to us that there were different groups, some less extreme than others."

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